DoD EVM Policy, Application, and Reporting
November 14, 2018

Mr. John McGregor
Deputy Director for EVM
Acquisition Analytics and Policy

▶ **Topics to be Discussed**

- Organization

- EVM Application and Reporting

- EVM Applicability and Reporting Scenarios

- EVM Policy Initiatives

- Questions

Acquisition Enablers Organization

Acquisition Enablers
Mr. David Cadman, Performing the duties of Director

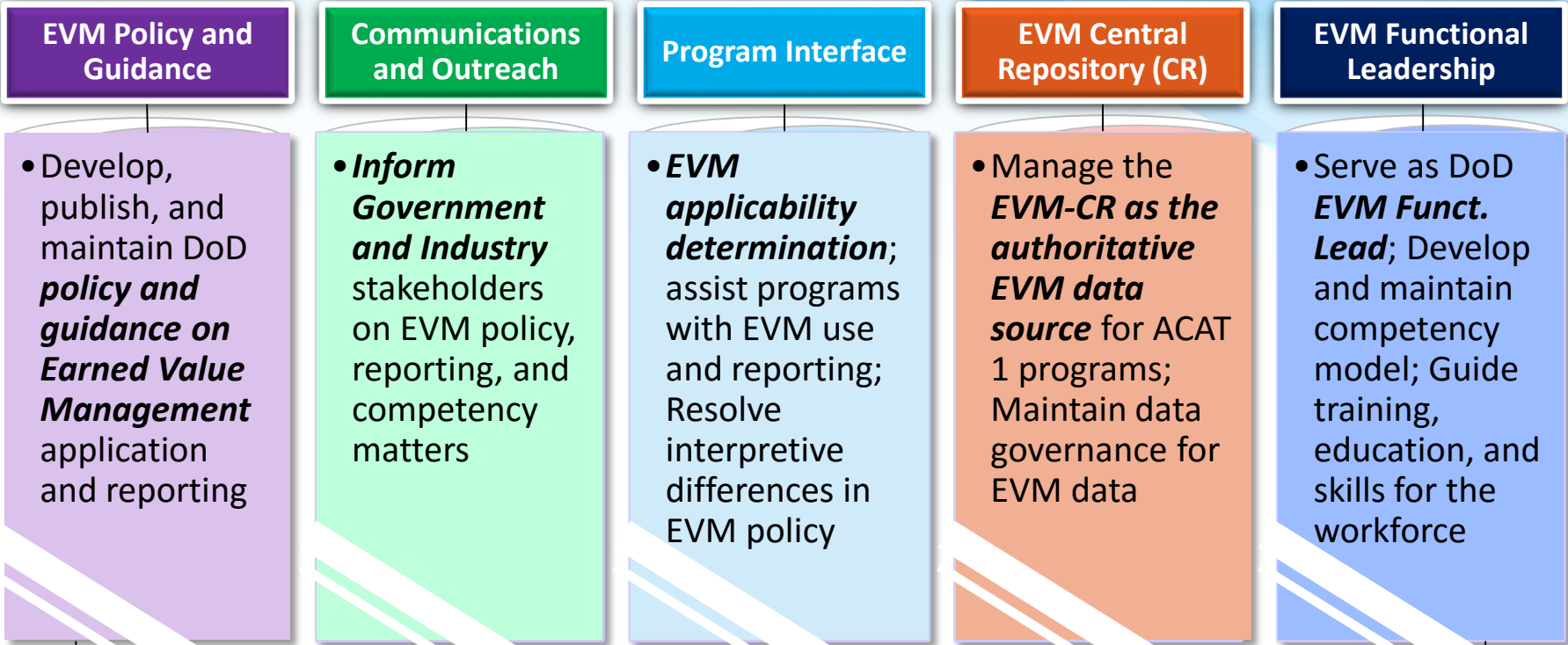| Acquisition Analytics and Policy	Acquisition Approaches and Management	Advanced Software Acquisition / Provenance	Service Acquisition
Cadman Director	*Rodgers* Director	*Pino* Director	*Brennan* Director

Now part of Acquisition Analytics and Policy:
Performance Assessments and Root Cause Analyses (PARCA) was brought into existence via the reforms in the Weapon Systems Acquisition Reform Act (WSARA) of 2009

EVM Division Authorities

EVM, as a management discipline for making decisions, depends on governing the entire EVM value stream from Contractor to Government analyst

EVM Policy and Guidance	Communications and Outreach	Program Interface	EVM Central Repository (CR)	EVM Functional Leadership
• Develop, publish, and maintain DoD *policy and guidance on Earned Value Management* application and reporting	• *Inform Government and Industry* stakeholders on EVM policy, reporting, and competency matters	• *EVM applicability determination*; assist programs with EVM use and reporting; Resolve interpretive differences in EVM policy	• Manage the *EVM-CR as the authoritative EVM data source* for ACAT 1 programs; Maintain data governance for EVM data	• Serve as DoD *EVM Funct. Lead*; Develop and maintain competency model; Guide training, education, and skills for the workforce

"To be successful, EVM practices and competencies must be integrated into the program manager's acquisition planning and execution processes"

- *PARCA Authorities Memo, Aug 2011*
- *Now part of Acquisition Analytics and Policy*

▶ **Strategic partnerships across the EVM Value Stream**

Working across DoD Services/Agencies, Federal Agencies, and Industry to facilitate the effectiveness of EVM for joint situational awareness and program decision making

PARCA EVM Policy
EVM Application and Reporting

EVM's primary value is its ability to provide integrated, timely performance status for *joint situational awareness*, *trend analysis*, and *decision making*
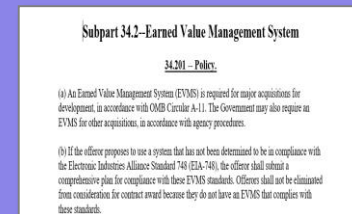
Office of Management and Budget (OMB)

Establishes policy for planning, budgeting, acquisition and management of Federal for information technology (IT) and other capital investments

Federal Acquisition Regulation (FAR)

Primary regulation for use by all Federal Executive agencies in their acquisition of supplies and services with appropriated funds
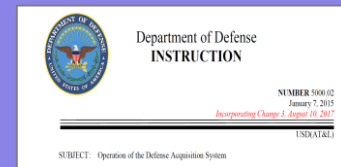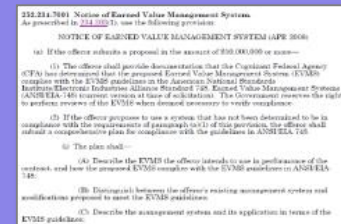
Defense Federal Acquisition Regulation Supplement (DFARS)

Supplement to the FAR; providing DoD-specific acquisition regulations (note: Services have additional supplemental guidance)

DODI 5000.02

DoD instruction written to PM's for policy regarding the management of acquisitions

"EVM is applied to cost reimbursable or incentive contracts, inclusive of options, with 18 months or greater period of performance and based on the nature of the work scope."

Contract Value	Applicability	Notes	Source
< $20M	EVM not required; may be applied at PM discretion based on risk to the Government	Requires business case analysis and MDA approval	Part 7 of OMB Circular A-11 (Reference (c)); DFARS 234.201 (Reference (al)); This instruction
≥ $20M & < $100M	EVM Required; contractor is required to have an EVM system (EVMS) that complies with the guidelines in EIA-748*	The Government reserves the right to review a contractor's EVMS when deemed necessary to verify compliance	
≥ $100M	EVM Required; contractor is required to have an EVMS that has been determined to be in compliance with the guidelines in EIA-748*	The Contractor will provide access to all pertinent records and data requested by the Contracting Officer or duly authorized representative as necessary to permit initial and ongoing Government compliance reviews to ensure that the EVMS complies, and continues to comply, with the guidelines in EIA-748*.	

DoDI 5000.02 Incorporating Change 3, August 10, 2017

Contract Value	Applicability	Notes	Source
< $20M	Not required	IPMR Should be used if cost and/or schedule reporting is requested by the PMO	IPMR DID DI-MGMT-81861A*
≥ $20M & < $50M	Required monthly when EVM requirement is on contract	Formats 2, 3, and 4 may be excluded from the contract data requirements list (CDRL) at program manager discretion based on risk	
≥ $50M	Required monthly when EVM requirement is on contract	All Formats must be included in the CDRL	

DoDI 5000.02 Incorporating Change 3, August 10, 2017

Notes:

- For ACAT I contracts, task orders, and delivery orders, IPMR data will be delivered to the EVM Central Repository

- The IPMR can be tailored…refer to the DoD IPMR Implementation Guide

- Formats and reporting requirements for the IPMR are determined and managed by USD(AT&L) through the office of PARCA

Delegation Memo

- PARCA delegated authority for EVM applicability reviews for ACAT ID and IAM

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

SEP 1 4 2017

ACQUISITION,
TECHNOLOGY,
AND LOGISTICS

MEMORANDUM FOR DIRECTOR PERFORMANCE ASSESSMENTS AND ROOT CAUSE ANALYSES

SUBJECT: Delegation of Authority to Determine Earned Value Management Applicability on ACAT ID and IAM Programs

Earned Value Management (EVM) is one of the most powerful program management tools for both the Department and Industry. EVM promotes an environment where contract execution data is shared between project personnel and Government oversight staff so that emerging problems are identified, pinpointed, and acted upon as early as possible.

Enclosure 1, table 8 of DoD Instruction 5000.02 issued January 26, 2017, discusses the determination of applicability of EVM on programs. An excerpt follows:

"For ACAT ID and IAM programs, OSD USD(AT&L) Performance Assessments and Root Cause Analyses (PARCA), in coordination with the CAE or designee, will review proposed contract work scope for EVM applicability and provide a recommendation to the DAE/MDA for a determination of EVM applicability. For all other ACAT levels, the CAE, or designee, will review and determine EVM applicability."

PARCA is responsible for EVM performance, oversight, and governance across the Department. Therefore, to facilitate effective EVM application decisions, I delegate the authority for the review and determination of EVM applicability of ACAT ID and IAM programs to the Director, PARCA. My point of contact is John S. McGregor at 703-697-3759 or john.s.mcgregor2.civ@mail.mil.

Ellen M. Lord

DoDI 5000.02 EVM Applicability

2 Step EVM Application Process

Step 1. Contract Criteria Review

- Contract is Cost Plus or Incentive

- Contract > $20M (including known options)

- Contract has at least 18 months period of performance

→ *If any No* → EVM Not Applicable*

→ *If all Yes* → EVM placed on contract; option to have applicability determination based on nature of work (Step 2)

Step 2 (Optional). Work Attributes Review

- Does EVM apply based on review of SOW, PWS, WBS, & CDRLs (i.e., work discretely measurable & schedulable)

  ➤ PARCA & Services - ACAT ID & IAM for DAE/MDA decision–delegated to PARCA

  ➤ Services - other ACATs for SAE/CAE decision

→ *No* → *EVM does not apply* EVM not on contract; no deviation/waiver required

→ *Yes* → *EVM does apply* EVM is placed on contract; PMO has option to seek waiver/deviation

* The PM has the option to make a business case to apply EVM outside the thresholds and application decision

EVM Applicability and Reporting Scenarios Discussion

▸ EVM Applicability: Should EVM be used?

- Contract type

- Contract value

- Contract duration

- Scope / Nature of the work

▸ Reporting: Should the IPMR be used? Which formats?

▶ *Does EVM and EVM reporting apply for development work?*

▶ Do the following change the application?

- FPIF

- FFP

- Cost Plus

- Intra-Government Contract

- Subcontractors

❖ Other considerations?

▶ *Does EVM and EVM reporting apply for production?*

▶ Do the following change the application?

- LRIP

- Lot 1

- Lot 800

- Tech Refresh

- Overhaul

❖ Other Considerations?

▸ *Does EVM and EVM reporting apply for services?*

▸ Do the following change the application?

- ▪ Sustainment

- ▪ Maintenance

- ▪ Planned Maintenance

- ▪ Upgrades

- ▪ Spares / Parts

- ▪ Support Services

❖ Other Considerations?

▶ *Does EVM and EVM reporting apply to IDIQ's?*

▶ Do the following change the application?

- Small value TO's / DO's

- Large value TO's / DO's

- Mixed contract type TO's / DO's

- Interdependent TO's / DO's

▶ How would reporting look?

❖ Other Considerations?

Have the Conversation...

... Traditional Acquisitions

... Middle Tier Acquisitions

... Other Transaction Authorities

... Agile Development Methods
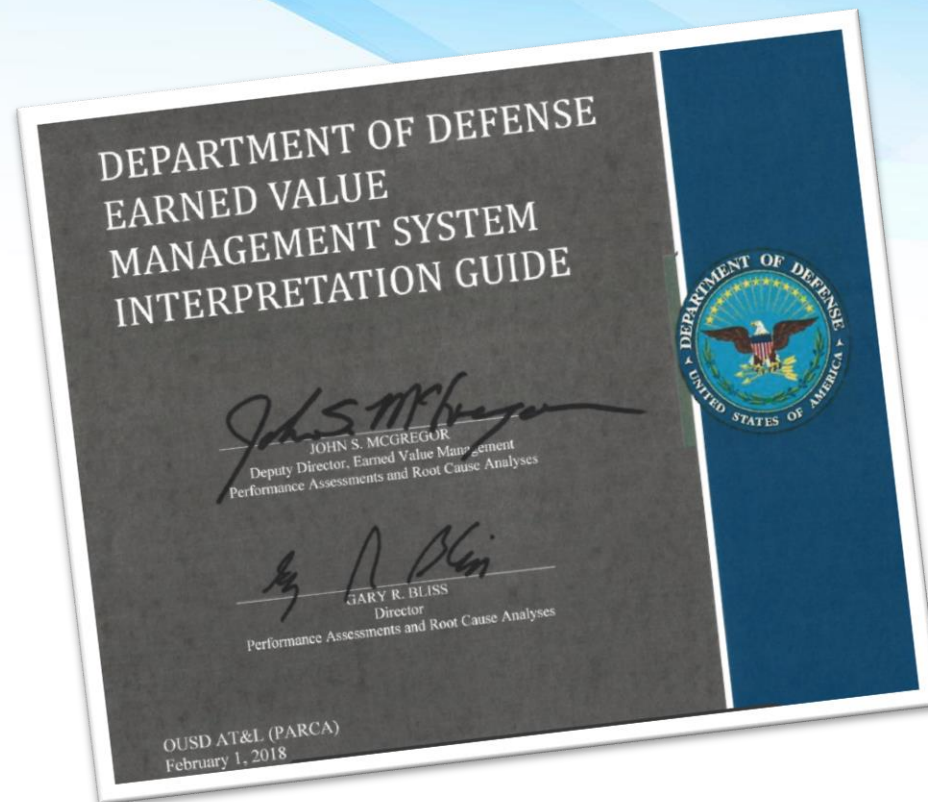
If not EVM, then how will you manage?

DoD EVM Policy
EVM Policy Initiatives

▶ **DoD EVMSIG is used as the basis for the DoD to assess compliance to the 32 EVMS Guidelines**

- Involved Government and Industry stakeholders across EVM and compliance communities

- Changes
  - Terminology and work products genericized
  - Analysis of material items for classification
  - Retroactive changes for rates at contractor discretion
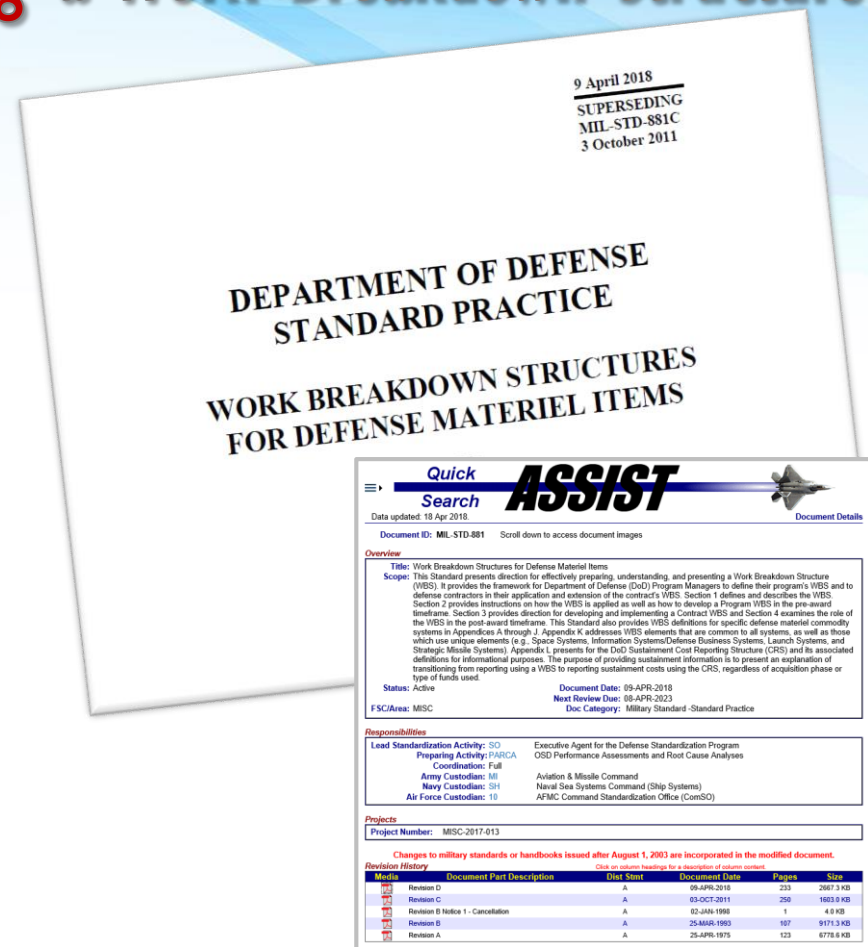
- Published February 2018

DEPARTMENT OF DEFENSE EARNED VALUE MANAGEMENT SYSTEM INTERPRETATION GUIDE

JOHN S. MCGREGOR
Deputy Director, Earned Value Management
Performance Assessments and Root Cause Analyses

GARY R. BLISS
Director
Performance Assessments and Root Cause Analyses

OUSD AT&L (PARCA)
February 1, 2018

https://www.acq.osd.mil/evm/resources/PG-EVMS.shtml

▶ **MIL-STD-881 presents direction for effectively preparing, understanding, and presenting a Work Breakdown Structure**

- Involved Government and Industry stakeholders across EVM and cost communities

- Changes
  - Added new appendices (Strategic Missiles Systems, Sustainment)
  - Combined appendices (Manned/Unmanned Aircraft, Missile/Ordnance)
  - Additional Standard Breakout for Common Elements
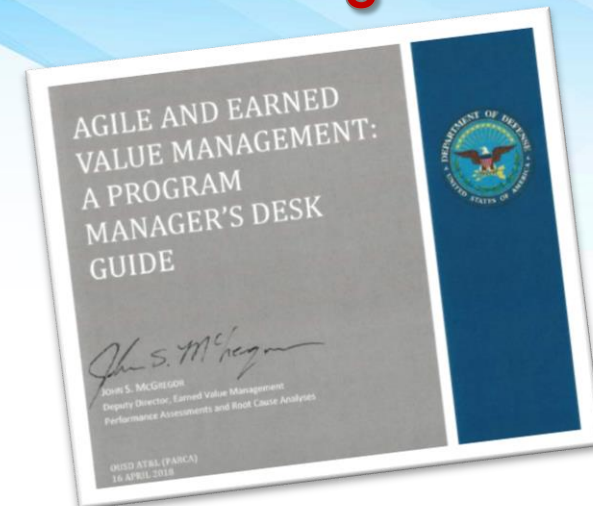
- Published April 2018

http://quicksearch.dla.mil/qsDocDetails.aspx?ident_number=36026

▶ **A resource for DoD personnel who encounter programs on which Agile philosophies and Earned Value Management are applied**

1. Agile and EVMS System Compliance

2. Integrated Baseline Review

3. Reports, Metrics, and Analysis

➢ Appendix: Agile and EVM Scenario
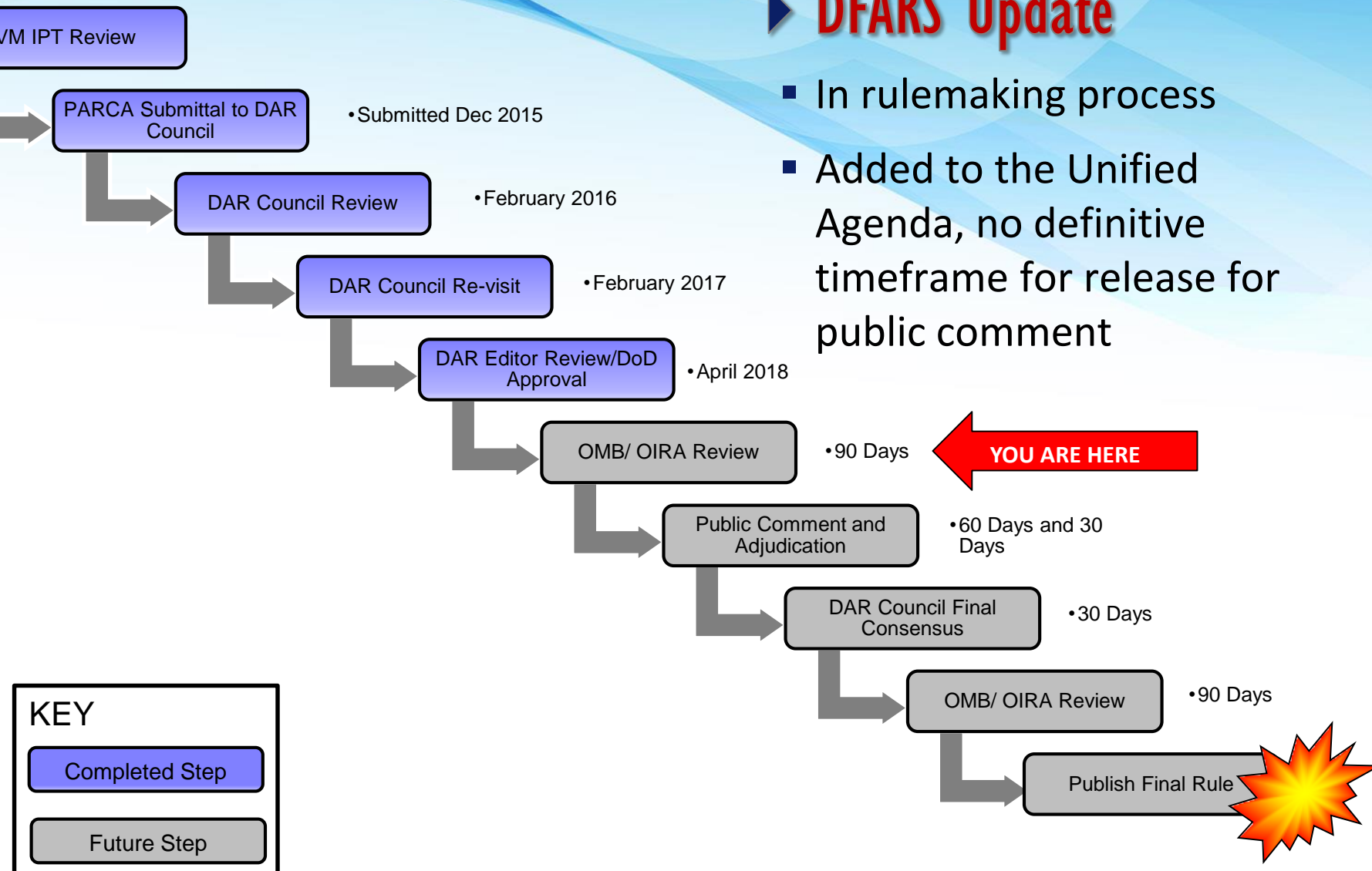
Published April 2018

"EVM is not tied to any specific development methodology and does not prevent the use of other risk management techniques such as agile development. EVM and agile development are complementary and can be used on the same project. Agile development can be used to incrementally deliver functionality to the customer while EVM provides a standard method for measuring progress." -- OMB Circular A-11

https://www.acq.osd.mil/evm/resources/Agile_EVM_Home.shtml

Policy Initiatives

DFARS Update

- In rulemaking process
- Added to the Unified Agenda, no definitive timeframe for release for public comment

EVM IPT Review

PARCA Submittal to DAR Council • Submitted Dec 2015

DAR Council Review • February 2016

DAR Council Re-visit • February 2017

DAR Editor Review/DoD Approval • April 2018

OMB/ OIRA Review • 90 Days ← **YOU ARE HERE**

Public Comment and Adjudication • 60 Days and 30 Days

DAR Council Final Consensus • 30 Days

OMB/ OIRA Review • 90 Days

Publish Final Rule

KEY

Completed Step

Future Step

DoD EVM Policy
IPMR Update

▶ IPMR Update

- Move from XML to JSON standard – modern and more flexible

- Delivery of contract performance data at Control Account Level allows for user-specific analysis; tools can generate traditional reporting formats if desired

- Data Delivery Submittal Requirements
  - Submitted electronically in accordance with their applicable DoD-approved file format specifications and data exchange instructions (DEI) -- **Contract Performance Dataset and Schedule Dataset**
  - Submitted in contractor's specified electronic file format -- **Performance Narrative Report (Variance Analysis)**
  - Submitted in contractor's native scheduling software electronic file format native format -- **Integrated Master Schedule (IMS)**

> **Goal is to reduce time to receive actionable data; Have the right conversations**

▶ Feedback for the IPMR collected

- Almost 1,000 comments received

▶ Feedback topics include:

- **Delivery timing requirements**

- **Variance analysis**

- **Tailoring options**

- **Level of reporting**

- Software change from UN/CEFACT to JSON

- Reporting of dollars and hours

▶ Adjudication meetings held with Govt and Industry

▶ IPMR Update Next Steps

- Incorporate results of adjudication meeting into draft DID language

- Adjudication team review draft

- Write accompanying IPMR Implementation Guide

- Technical infrastructure development and testing

- Release IPMR DID and Guide
  - Complete DoD policy publication process/public review and comment
  - Adjudicate comments
  - Publish final DID and Guide

Moving toward phased delivery of IPMR delivery requirements to facilitate earlier situational awareness and discussion

Are there any application and reporting questions?

Questions Contact Us

AEP Program

EVM Website:
http://www.acq.osd.mil/evm/

EVM Email:
osd.dodevm@mail.mil

Acquisition Exchange Program (AEP) provides a unique career-development experience for high-caliber Government civilians or military personnel interested in acquisition and/or EVM.

http://www.acq.osd.mil/evm/aep.program.html

Back-up
Just in Case

▶ *IDIQ EVM Application*

- "For **indefinite delivery, indefinite quantity** (IDIQ) contracts

  - Inclusion of EVM requirements is based on the estimated ceiling of the total IDIQ contract

  - It is then applied to the individual task/delivery orders, or group(s) of related task/delivery orders, that meet or are expected to meet the conditions of contract type, value, duration, and work scope"

2 part application on IDIQ contracts

1. Include EVM requirement on total base IDIQ contract if it meets or is expected the EVM thresholds in 5000.02	2. Apply EVM on task/delivery orders, or group(s) of related task/delivery orders, per thresholds and workscope

Additional Information

For ACAT ID and IAM programs, OSD USD(AT&L) Performance Assessments and Root Cause Analyses (PARCA), in coordination with the CAE or designee, will review proposed contract work scope for EVM applicability and provide a recommendation to the DAE/MDA for a determination of EVM applicability. For all other ACAT levels, the CAE, or designee, will review and determine EVM applicability. If EVM is determined to apply, then threshold application in this table is utilized or a waiver from the CAE is required. If, based on the nature of the work, EVM is determined not to apply, then EVM is not placed on contract.

Applying EVM outside the thresholds and criteria above, to include application on firm, fixed-price (FFP) contracts, FFP task orders, or FFP delivery orders, a cost-benefit analysis will be conducted, MDA approval is required, and the results provided to the contracting officer for documentation in the contract file.

The term "contracts" includes contracts, subcontracts, intra-government work agreements, and other agreements.

For indefinite delivery, indefinite quantity (IDIQ) contracts, inclusion of EVM requirements is based on the estimated ceiling of the total IDIQ contract, and then is applied to the individual task/delivery orders, or group(s) of related task/delivery orders, that meet or are expected to meet the conditions of contract type, value, duration, and work scope. The EVM requirements should be placed on the base IDIQ contract and applied to the task/delivery orders, or group(s) of related task/delivery orders. "Related" refers to dependent efforts that can be measured and scheduled across task/delivery orders.

The Integrated Baseline Review is required when EVM is determined to be applicable.

The initiation of an over-target baseline or over-target schedule must be approved by the Government program manager.

Application thresholds are in then-year dollars.

* EIA-748 = Electronic Industries Alliance (EIA) 748-C (Reference (au))

▶ Understanding the DFARS

- **DFARS 234.201 & 203** = DFARS text; instructions for DoD contract officers (includes PGI)

- **DFARS 252.234-7001** = Provision for RFP's; instructions for contractors

- **DFARS 252.234-7002** = Clause for contracts; instructions for contractors

- **DFARS 252.234-7005** = Clause for contracts regarding Contractor Business Systems